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General Assembly
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Agenda item 21
Question of Cyprus

Security Council
Sixty-third year

Letter dated 14 November 2008 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General

I have the honour to transmit a letter addressed to you by the President of the Republic of Cyprus, Demetris Christofias (see annex), concerning a serious incident which occurred yesterday off the southern territorial waters of Cyprus, when vessels legitimately conducting exploratory surveys within the exclusive economic zone of Cyprus upon authorization from my Government, received threats by a Turkish warship and were forced to withdraw within the territorial waters of Cyprus.

You may recall that this is the latest in a series of violations by Turkey of Cyprus's sovereignty and territorial integrity, and of its maritime space, which have included the conduct of military exercises with live ammunition therein and the unlawful exploration of its sovereign natural resources. All these violations have been duly brought to the attention of the United Nations.

The above incident itself, as well as its timing, give rise to grave concerns. The hostile and threatening character of the incident points to the increasingly aggressive nature of Turkey's actions in the maritime space of Cyprus, while its timing, in the midst of a process aiming to reunify the island, serves only to undermine the process and to raise doubts as to Turkey's commitment to it.

It is all the more disconcerting that Turkey will begin a two-year term on the Security Council on 1 January 2009 when it displays such contempt for the Charter of the United Nations and the United Nations Convention on the Law of the Sea, the majority of whose provisions codify customary international law. Turkey's conduct vis-à-vis the Republic of Cyprus, a sovereign, democratic and responsible State Member of the United Nations, reconfirms that Turkey itself is a source of tension and instability in the eastern Mediterranean.

The Government of Cyprus has no doubts about its sovereignty over the totality of its territory, its territorial sea and its airspace and/or about its sovereign rights over its exclusive economic zone and its continental shelf. It is in exercising a sovereign right in full conformity with international law that Cyprus is proceeding

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with the prospection, exploration and production of hydrocarbons in its exclusive economic zone. In accordance with relevant international law, Turkey has no legal, or other, interest in these areas.

The Republic of Cyprus, its convictions fortified by the certainty of upholding and defending international legality and fundamental principles of international relations enshrined in the Charter of the United Nations, stands firm on its positions of principle and will continue to exercise its sovereign rights under international law.

I would be grateful if the present letter and its annex could be circulated as a document of the General Assembly, under agenda item 21, and of the Security Council.

(*Signed*) Minas **Hadjimichael**

Annex to the letter dated 14 November 2008 from the Permanent Representative of Cyprus to the United Nations addressed to the Secretary-General

I feel obliged to communicate with you in order to draw your attention to a most serious incident that took place in the early morning of 13 November, which is related to your good offices mission in Cyprus and the negotiations that are in process under the auspices of the United Nations.

A Turkish warship approached yesterday two ships under foreign flag that were conducting an exploratory survey within the exclusive economic zone (EEZ) of the Republic of Cyprus, 27 miles off the south coast of the island. Both ships were conducting the survey for, and on behalf of, the Government of the Republic of Cyprus, and informed accordingly the Turkish warship, when asked. The Turkish warship, after threatening the two foreign flagged ships, claimed to be within the EEZ of Turkey. The two ships were forced, by the Turkish warship, to cease their operations and withdraw within the territorial waters of the Republic of Cyprus, under fear for the lives of their crews and the integrity of the ships.

It becomes apparent that Turkey continues its unacceptable policy of questioning the sovereign right of the Republic of Cyprus, as a State Member of the United Nations, to exploit the natural resources within its EEZ, in accordance with international law and in particular the United Nations Convention on the Law of the Sea. Needless to remind you, in this respect, that such behaviour constitutes a violation of the obligation of Turkey, as a Member of the United Nations, to respect the sovereignty and territorial integrity of all States, including that of the Republic of Cyprus, as the United Nations has repeatedly underlined in numerous resolutions by the Security Council, on which, ironically enough, Turkey will sit as a non-permanent member in less than two months' time.

The gravity of the incident cannot be overstated, taking into account the crucial time in relation to the efforts for a comprehensive settlement of the Cyprus problem. Turkey has chosen, once more, to ignore the calls of the international community to actively support the efforts for a solution and, on the contrary, it continues to do all in its power to undermine such efforts by demonstrating aggressive behaviour.

More significantly, the provocative Turkish policy, exemplified in the past by military exercises with the use of real ammunition within the territorial waters of the Republic of Cyprus and underlined yesterday by threats directed towards ships of foreign flag within the EEZ of the Republic fills us with disappointment. We have repeatedly shown our good will and constructive spirit, which seems to be reciprocated only with threats and provocation.

The United Nations is investing a great deal in the negotiation process at hand, so such incidents ought to come to your attention immediately. I can only convey the dismay of my Government over what transpired. The Government of the Republic of Cyprus will continue to act always within the dictates of international legality. It is our belief that intransigence and provocation can only be effectively combated through respect of international law and the relevant conventions of the United Nations. I am certain that you, as the Secretary-General of an organization that was designed to uphold world peace, share this conviction.

(*Signed*) Demetris **Christofias**
President of the Republic of Cyprus

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Sixty-third session
Agenda item 45
Culture of peace

Letter dated 14 November 2008 from the Permanent Representative of Bahrain to the United Nations addressed to the Secretary-General

With reference to the high-level meeting on the culture of peace, held under agenda item 45 of the sixty-third session of the General Assembly on 12 and 13 November 2008, I have the honour to transmit the text of the statement of H.M. King Hamad bin Isa Al Khalifa, King of the Kingdom of Bahrain, who attended the meeting but, due to unforeseen circumstances, was unable to deliver it to the General Assembly (see annex). The statement was distributed to the participants during the meeting.

I would very much appreciate it if you would have the present letter and its annex circulated as a document of the General Assembly, under agenda item 45.

(*Signed*) Tawfeeq Ahmed **Almansoor**
Ambassador
Permanent Representative

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Annex to the letter dated 14 November 2008 from the Permanent Representative of Bahrain to the United Nations addressed to the Secretary-General

[Original: Arabic]

Statement by His Majesty King Hamad bin Isa Al Khalifa of the Kingdom of Bahrain to the high-level meeting on dialogue among religions and cultures, New York, 12-13 November 2008

At the outset, I should like to extend my thanks and appreciation to the Custodian of the Two Holy Mosques, King Abdullah bin Abdulaziz Al Saud of the Kingdom of Saudi Arabia, for his diligence in extending invitations to attend the launching of his high-minded initiative, through the highest international forum, to strengthen the language of dialogue and understanding between religions and cultures. That initiative is in keeping with support for the principles of mutual respect and the attainment of peace and security for all humanity. Its positive results and impact make it one of the most important of global initiatives.

We also take this opportunity to thank His Excellency Father Miguel d'Escoto Brockmann, President of the sixty-third session of the United Nations General Assembly, for having sponsored the convening of this important meeting and commend his efforts to establish the values of justice among the peoples of the world and to implant the concepts of solidarity, equity and transparency in international relations with the assistance of the members of the international community and with the support of the Secretary-General of the United Nations who plays a conspicuous role in the attainment of the aims and objectives of the United Nations Charter.

This meeting today of the international family is being held to give effect to what was agreed upon at the World Conference on Interfaith Dialogue, held in Madrid in July 2008 at the kind initiative of the Custodian of the Two Holy Mosques, at which the participants called for a special session of the United Nations General Assembly on interfaith dialogue.

The Kingdom of Bahrain supports the Madrid Declaration which affirmed the unity of humankind, equality between people regardless of colour, race or culture, respect for diversity among cultures and civilizations and between the followers of the divine religions while taking full account of the particularities of peoples and considering terrorism to be a worldwide phenomenon requiring a united stand in order to address its causes and effects, and at the same time agreeing on its definition and meaning.

The historical and philosophical roots of human rights are enshrined in our various religions, civilizations and cultures. Over fourteen centuries ago, Islam took up the cause of defending human rights, bearing witness to the honour bestowed by God on His creation by promoting His sublime message throughout the world, regardless of culture, creed or colour. The Almighty has said: "We have honoured the sons of Adam; provided them with transport on land and sea; given them for sustenance things good and pure; and conferred on them special favours, above a great part of our creation" (*The Holy Koran, XVII:70*).

Since the advent of Islam, it has extended the hand of positive friendship to all civilizations that guarantee continuing dialogue, openness and human

acquaintanceship within a system of ethical values in which all laws and creeds agree; all are seeking a common mechanism to achieve peaceful coexistence through mutual understanding and respect built on shared trust between all human communities.

The diversity of religions and creeds should be a source of dialogue to fortify humanity against the disputes and controversies which widen the chasm between peoples; religions should not be thrust into the tragedies that have affected humankind in past ages and it should be recognized that the real reason for those tragedies is the absence of dialogue leading to extremism which has been espoused by a minority of followers of religions who imagine they are thereby performing a religious duty and that religion exonerates them. Similarly, mankind's departure from the values and morals proclaimed by religions has led to the spread of wickedness and the increase of criminality, the taking of drugs and the growth of terrorism which acknowledges no religion, creed or country.

Although there is an inherent and essential connection between human rights and cultural diversity on the one hand and the singleness of human destiny on the other, those rights are in many cases impaired by certain narrow views, aspirations and interests and, instead of affirming and strengthening equality and brotherhood among people, they foment hatred, racism and division — including what has been termed Islamophobia — phenomena which are promoted by a minority in certain circles in order to stir up discord and hatred between peoples and to attain narrow political ends designed to bring about conflict between civilizations in disregard of the tolerance and teachings of Islam which rejects violence and calls for peace, security, justice, mercy and brotherhood between all people. The Almighty has said: "O mankind, We have created you male and female, and appointed you races and tribes, that you may know one another" (*The Holy Koran, XLIX:13*).

Over the centuries, the Kingdom of Bahrain has been and still remains a fertile land where all religions coexist by virtue of the respect for human rights enshrined in its laws. The followers of different religions in the Kingdom enjoy full freedom to perform their religious observances and build their places of worship. There are fourteen churches and synagogues in the Kingdom as well as places of worship for other creeds. All of their followers, whether Bahraini citizens or visitors, enjoy all the rights conferred on them by the State and this coexistence of religions and denominations enhances the pride of Bahrainis in their multifaceted and open culture based on supreme Islamic values.

There is no doubt that the followers of these religions have made an effective contribution over the ages to the progress and development of the Kingdom of Bahrain. By the grace of God, everyone has lived in an atmosphere of brotherhood characterized by affection and friendship that has made our Kingdom a model of coexistence within a unique cultural and intellectual diversity.

As a result of the desire of the Kingdom of Bahrain to affirm its support for the progress of dialogue among religions, it has hosted many conferences and forums attended by major scholars, prominent theologians and thinkers of different religions. In 2002 Bahrain hosted the Islamic-Christian Dialogue Conference and in January 2008 it organized a Forum for Dialogue among Civilizations as well as exchange visits by scholars, preachers and theologians between countries of the East and the West in order to revitalize the principle of dialogue between religions and civilizations.

The United Nations Charter calls for the strengthening of international relations and for the establishment of a secure human society and in the Declaration of Principles of 1994 the General Assembly called for tolerance and for the spread of the culture of peace, and declared the Year for Tolerance in 1995 and the Year of Dialogue among Civilizations in 2001. We reaffirm that the United Nations is committed to its efforts to reinforce peace among nations and to find a common denominator in order to bring peoples together. In that context, the Kingdom of Bahrain supports all United Nations initiatives aimed at establishing common ground between religions in order to give prominence to agreed religious and ethical values which contribute to the building and consolidation of human civilization, which allow it to grow and prosper and which enshrine the values of justice, equality and mutual respect to attain human security and happiness.

The Kingdom of Bahrain also supports all humanitarian projects aimed at promoting human happiness as well as the civilized visions designed to protect people and to ensure human security and stability.

The Kingdom of Bahrain considers the initiative of the Custodian of the Two Holy Mosques calling for a dialogue of religions as a new vision to bring the peoples of the world with their different religions closer together. It can be seen as a practical tool to address, on the one hand, the phenomenon of extremism and hatred and, on the other, what can be termed groundless fears of Islam and Muslims. The initiative is a cultural framework in which the major strategic issues are interconnected and which provides a general climate to bring about the success of many of the international initiatives which offer bridges between religions in pursuit of our overriding goal which is for peace to prevail throughout the world and for humanity to be happy with its achievements.

We therefore propose the adoption of a universal declaration by the United Nations that would embrace the role of religions in establishing peace, justice and freedom in the world as called for by the participants in Madrid and in the other recent forums on this issue.

In this context, the Kingdom of Bahrain is keen to continue the dialogue and the historic initiative of the Custodian of the Two Holy Mosques and expresses its willingness to host a general secretariat for dialogue between religions and cultures to be based in Bahrain.

We have a profound belief in the ability of peoples to coexist in harmony, despite the diversity of their religions, creeds and cultures, by virtue of a distinctive system of ethical values contained in these laws and cultures which calls for the fostering of human rights and the attainment of human security and happiness. We trust that our current meeting will be a continuation of the World Conference on Interfaith Dialogue held in Madrid and an effective contribution to the efforts of the Custodian of the Two Holy Mosques, the United Nations and all the religious, intellectual and political leaders, and the international and regional organizations that support that initiative. The Kingdom of Bahrain reaffirms its determination to contribute effectively to that end by all means within its power with a view to attaining the desired goal, namely a world of amity dominated by justice which secures the peace, security and happiness of its peoples and societies.

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Programme budget for the biennium 2008-2009

United Nations pension system

United Nations pension system

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the United Nations Joint Staff Pension Board, including the report of the Board of Auditors on the financial statements of the Fund for the biennium ended 31 December 2007 (A/63/9). The Committee has also considered the reports of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund and steps and efforts undertaken to increase the diversification of the Fund (A/C.5/63/2) and on the administrative and financial implications arising from the report of the United Nations Joint Staff Pension Board (A/63/363). In addition, the Committee had before it a note by the Secretary-General on the membership of the Investments Committee (A/63/103). During its consideration of those matters, the Committee met with the Chairman of the Pension Board, the Chief Executive Officer of the Pension Fund and the Representative of the Secretary-General for the Investments of the Fund.

2. Recommendations and decisions made by the Board at its fifty-fifth session that require action by the General Assembly are listed in paragraph 11 of the report of the Pension Board. Annex XVII to the report contains a draft resolution proposed for adoption by the Assembly. Information provided on other action taken by the Board is contained in paragraph 12 of the report. In the present report, the Advisory Committee focuses its comments and recommendations primarily on areas requiring action by the Assembly.

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II. Summary of the operations of the Fund

3. In paragraphs 13 to 15 of its report (A/63/9), the Pension Board provides a summary of the operations of the Fund for the biennium ended 31 December 2007, which shows an increase in the number of participants in the Fund from 93,683 to 106,566, an increase in the number of periodic benefits in award from 55,140 to 58,084 and an increase in the principal of the Fund from $23.6 billion to $30.6 billion, or 29.8 per cent (see also para. 5 below). The net investment income of the Fund during the period amounted to $7.1 billion.

III. Actuarial matters

4. Paragraphs 16 to 86 of the report deal with actuarial matters, including the results of the twenty-ninth actuarial valuation of the Fund, which showed an actuarial surplus of 0.49 per cent of pensionable remuneration as at 31 December 2007, or $1.3 billion in dollar terms, which is the sixth consecutive positive actuarial result over the past decade. The Advisory Committee welcomes the positive result in the actuarial valuation completed at the end of the last biennium.

IV. Investments of the United Nations Joint Staff Pension Fund

5. As indicated in paragraph 92 of the report, the market value of the Fund's assets increased from $37.6 billion on 31 March 2007 to $40.6 billion on 31 March 2008, an increase of $3.0 billion, or 7.9 per cent; during the biennium the Fund achieved a real rate of return of 4.0 per cent, which exceeded the Fund's long-term objective of 3.5 per cent, adjusted for inflation. The Advisory Committee was informed, however, that the market value of the assets was estimated at approximately $29.4 billion as at 24 October 2008, a 29.6 per cent decline in the Fund's value from $41.7 billion as of 1 January 2008. According to the Representative of the Secretary-General for the Investments of the Fund, equity markets, based on the MSCI All Country World Index, had dropped 45.8 per cent since the beginning of 2008.

6. In paragraphs 117 to 128 of its report, the Pension Board dealt with the status of the Global Compact and the investments of the Fund. The Advisory Committee observes that the Investment Management Service informed the Board that it was in the process of establishing a policy on responsible investment and defining a plan to implement it, allowing the Fund to incorporate environmental, social and governance criteria into its investment analysis and decision-making process and building on the commitments the Fund had made in becoming a signatory to the Principles for Responsible Investment and the Global Compact. The Pension Board welcomed the initiative for responsible investing and requested the Investment Management Service to continue to implement the initiative (A/63/9, para. 128). **The Committee shares the Board's positive view of the initiative and stresses that the four criteria for investment established by the General Assembly in its resolution 32/73, namely, safety, profitability, liquidity and convertibility, remain the Fund's paramount investment guidelines.** The Committee notes that the Service was asked to implement the initiatives from within existing staff capacity during the remainder of the current biennium. Furthermore, the Board

stated that any requests for additional resources should be made in the context of the next proposed budget estimates.

7. The Advisory Committee was informed that the Fund continued to be one of the most widely diversified pension funds in the world. As at the end of the reporting period (31 March 2008), the Fund had investments in 34 countries, 16 currencies and 7 supranational and regional institutions. With regard to investments in developing countries, the Fund made direct and indirect investments amounting to $3.9 billion on 31 March 2008, an increase of 110 per cent from $1.8 billion at cost on 31 March 2006. The increases were in Africa (76 per cent), Asia (166 per cent) and Latin America (59 per cent). New investments were initiated in development institutions in Latin America, and investments in countries including Argentina, Malaysia, Qatar, Singapore and South Africa were increased substantially. **The Committee recommends that the Board continue to explore opportunities for investment in developing countries and countries with economies in transition.**

8. The Advisory Committee notes from paragraphs 146 and 147 of the report that the Board recommended that the Investment Management Service be given borrowing authority for the limited purpose of including provisions in its custody agreements for the "contractual" versus the "actual" settlement of securities transactions. Although the contractual settlement of such transactions is standard practice in developed securities markets, it involves an element of borrowing until the transaction is finally settled. Thus, the Office of Legal Affairs has advised that such borrowing cannot be undertaken under the Charter and the Financial Regulations and Rules of the United Nations without the approval of the General Assembly. **The Committee does not support, at this stage, the Pension Board's recommendation given the absence of clear and compelling information on the conditions and terms of such authority. The Committee recommends that the Board include such information in its next report to the General Assembly.**

9. As indicated in paragraph 104 of the report, at the request of the Pension Board, the Investment Management Service had hired Mercer Investment Consulting, Inc., to perform a consultancy on the addition of alternative asset classes. The study recommended that the following new asset classes be added to the Fund's portfolio under the overall heading of alternative asset classes: private equity, hedge fund (fund of funds only) and hybrid assets (adding infrastructure, timberland and farmland to the existing real estate allocation). Mercer recommended an overall allocation of 18 per cent to alternative classes, representing an increase of 12 per cent from the current real estate allocation of 6 per cent.

10. The Board's observations and suggestions on the report of the Secretary-General on the study regarding the introduction of alternative asset classes are set out in paragraph 112 of the report. The Advisory Committee notes that the Investment Management Service would develop specific proposals for the Board's consideration at its fifty-sixth session, in 2009, setting out the resources that might be needed in order for the Service to have sufficient in-house expertise and outside investment advisory support for the effective implementation and management of a portfolio having alternative investment classes. The Advisory Committee notes, in particular, the Board's recommendation that any possible undertakings by the Representative of the Secretary-General to invest any part of the Fund's portfolio in alternative asset classes should be done judiciously and incrementally, taking into

account cost implications and upon regular consultation with the Investments Committee. The Board also considered that, in view of the Fund's fundamental investment criteria of safety, profitability, liquidity and convertibility, the alternative asset class allocations of as much as 18 per cent were overly ambitious, and the Board recommended that such proposed allocations be reconsidered in view of the suggested incremental approach. **The Advisory Committee shares the Board's concerns. In the Committee's view, investing in such alternative asset classes (including real estate) in the current volatile market should be done cautiously. Lessons should be drawn from the current financial crisis, and such investments should be reconsidered only once the market has stabilized. The Committee stresses that every effort should be made to ensure that future investments take into account potential risks. In this connection, the Committee points out that the Investment Committee plays a key role in providing guidance to the Investment Management Service.**

11. **The Advisory Committee encourages the Fund's secretariat to continue to keep retirees apprised, through different channels of communication, of significant developments regarding investments of the Fund.**

V. Membership of the Investments Committee

12. Article 20 of the Regulations of the Fund provides that the members of the Investments Committee shall be appointed by the Secretary-General after consultation with the Pension Board and the Advisory Committee, subject to confirmation by the General Assembly. The Secretary-General conveyed to the Pension Board and the Advisory Committee the names of three regular members and one ad hoc member of the Investments Committee whom he intended to propose to the Assembly for reappointment and the names of candidates whom he intended to propose to the Assembly for appointment as a new regular member and a new ad hoc member of the Investments Committee. The Advisory Committee communicated its concurrence with those proposals to the Secretary-General on 29 October 2008.

VI. Administrative matters of the Fund

13. Detailed information concerning the Fund's operations and financial position during the biennium 2006-2007 is provided in paragraphs 148 to 153 of the report. The Advisory Committee notes that the Pension Board approved the plan of the Chief Executive Officer (CEO) to implement an integrated pension administration system which was formerly known as the enterprise resource planning system. In the context of the proposed budget estimates for the biennium 2010-2011, the CEO will present a comprehensive proposal to the Board in 2009, at its fifty-sixth session, including expected costs for hardware, software, contractual services, including systems integrators and external consultants, as well as other related costs for this project (see A/63/9, para. 169). **The Committee encourages the Fund to consult with the Chief Information Technology Officer on technical requirements of the integrated pension administration system.**

14. With respect to the revised budget for the biennium 2008-2009, the Advisory Committee notes that the Board recommended the allocation of net additional

resources in the amount of $2.2 million, or an increase of 1.5 per cent over the original budget, for a total appropriation in the amount of $75.9 million for revised administrative costs, $74.6 million for revised investment costs and $72,700 for the revised expenses of the Board. Thus, the total budget for the biennium would increase by $2.2 million to $153.2 million. Of that amount, $134.4 million would be chargeable to the principal of the Fund, and the remaining $18.8 million would be borne by the United Nations under the Fund's cost-sharing arrangement (ibid., paras. 195 and 196). **The Committee recommends approval of the Board's recommendation on the total budget of the Fund for the biennium in the amount of $153.2 million.** The Committee notes that actual expenditures to be borne by the United Nations would be reported in the context of the second performance report on the programme budget for the biennium 2008-2009.

VII. Audit

15. The Pension Board considered the report of the Board of Auditors and noted the findings and recommendations included in its report (ibid., annex IX). The Board of Auditors issued an unqualified opinion on the financial statements for the biennium ended 31 December 2007. The Advisory Committee notes that the attention of the Pension Board was drawn to the significant findings of the external auditor in relation to, inter alia, the lack of any provision for after-service health insurance, reporting of non-expendable property and the asset values recorded for real estate assets (ibid., para. 256). Upon enquiry, the Committee was informed that the Fund was carrying out a valuation of all after-service health insurance liabilities in line with the provisions of International Public Sector Accounting Standard 25. Once the valuation is finalized, the Fund will submit a detailed report to the Pension Board in 2009 containing financing options for further consideration of the General Assembly. The Committee was also informed that the status of liabilities would be disclosed in the 2008 financial statement irrespective of any decision by the Assembly on the funding of such liabilities.

16. The Advisory Committee notes that a clarification was provided to the Board on the Fund's position with regard to the introduction of the International Public Sector Accounting Standards (IPSAS). As reflected in paragraph 261 of the report, the Fund had been actively assessing the potential impact of the introduction of IPSAS given that the current set of standards referred to by the Fund in drawing up its financial statements would no longer be used as from 2010. It was clarified that there was no provision in IPSAS that related directly to the financial reporting of a retirement benefit plan and that in consequence, within the overall scope of IPSAS where no IPSAS standard would apply, consideration was being given to applying International Accounting Standard 26 (which is part of the International Financial Reporting Standards), on accounting and reporting by retirement benefit plans, as the overarching standard for reporting and accounting for the Fund's operation (ibid., para. 243).

17. The Advisory Committee notes that the Chairman of the United Nations Joint Staff Pension Board Audit Committee presented its second report to the Pension Board. The Committee observes that the Pension Board approved all of the Audit Committee's recommendations.

VIII. Governance matters

18. In accordance with a decision taken during its session in 2007, the Board recommended amending the Regulations of the Fund to allow participants who return to active contributory service after a period of disability to count such period of disability as contributory service without requiring the participant or the employer to pay contributions for that period. The Committee of Actuaries reviewed the cost of the proposed modification at its forty-seventh session, in 2008, and noted that the disability liability was relatively small in the context of the Fund's total liabilities and that, in the light of historical data, the actuarial costs that would result from the proposed amendment would be negligible. **The Advisory Committee recommends acceptance of the Board's recommendation.**

19. The Advisory Committee notes that the Pension Board recommended an amendment to the Regulations of the Fund that would allow for the purchase of additional years of contributory service by part-time staff. As indicated in paragraph 268 of the report, the Pension Board decided in 2007 to recommend an amendment to the Regulations of the Fund on the basis of a note submitted by the International Atomic Energy Agency Staff Pension Committee regarding a proposal to allow part-time staff members to contribute to the Fund as if they were employed on a full-time basis and requested that actuarial costing be provided by the consulting actuary. Based on information provided by the Fund's actuaries, the Board recommended strict limitations to the proposed amendment. Moreover, the Board emphasized that its decision was not intended to set any precedent with regard to purchasing additional contributory service by other classes of participants and that the decision was to be monitored. The Board also requested a follow-up report in 2012. The Committee was informed that, although the text of the revised article concerning part-time staff did not indicate an effective date of the change, the revision would be applicable only to participants who elected part-time employment as from 1 April 2009.

20. **The Advisory Committee recommends against approval of the Board's recommendation, as it is of the view that it would be a violation of the long-standing and accepted principle of income replacement, which is embodied in the Fund and has been upheld by the General Assembly (see resolution 62/241, para. 9). Moreover, the amendment would give some staff the option to participate either fully or partially in the Fund, whereas the Fund is based on the principle of full participation of all staff. Furthermore, the Committee is not convinced that such a decision would not set any precedent.**

21. Information on the review of the revised memorandum of understanding between the Chief Executive Officer and the Representative of the Secretary-General for the Investments of the Fund is contained in paragraphs 289 to 294 of the report. The Advisory Committee observes that the Pension Board reiterated its recommendation that full coordination and consultation should be pursued in the spirit of cooperation and as a joint search for further economies of scale. The Board also recommended that the work on the memorandum of understanding undertaken by the Working Group on Plan Design should continue and requested that the revised memorandum of understanding be presented to the Board at its fifty-sixth session. **The Committee stresses the importance of the full and expeditious implementation of the Board's recommendation.**

22. The Advisory Committee recalls that in paragraph 5 of its resolution 62/241, the General Assembly concurred with the Pension Board's request that the CEO of the Fund and the Representative of the Secretary-General for Investments of the Fund undertake an overall review of the staffing and organizational structure in their respective areas, including by drawing on relevant industry benchmarks and best practices, and report the results of the review to the Board at its fifty-fifth session, in 2008. The Committee notes that information on the overall review of the Fund's staffing and organizational structure is contained in paragraphs 170 to 179 of the report. The Committee also notes that the proposed budget estimates for the biennium 2010-2011 would contain various proposals resulting from the overall review of the Fund's staffing and organizational structure (ibid., para. 179).

IX. Benefit provisions of the Fund

23. With regard to information on benefit provisions with respect to family members or former family members, the Advisory Committee notes from paragraph 325 of the report that the Pension Board has recognized the social and legislative changes that have led to amendments to the Regulations of the Fund, in particular with respect to benefits for family members or former family members, most notably articles 35 bis and 45, which have a direct impact on the increased demand for legal review and support required for the Fund's operations. The Board considered the draft amendments to the Regulations of the Fund, together with the comments made by the Committee of Actuaries, and endorsed all the recommendations made by the Secretary/CEO.

24. The Advisory Committee notes from paragraph 326 of the report that at its fifty-third session, in 2006, the Board recommended, and the General Assembly approved, the elimination of the limitation on the right of restoration for existing and future participants based on the length of prior contributory service. At its current session, the Board clarified that revised article 24 (a) of the Fund's Regulations covered not only participants who had received a withdrawal settlement, but also those who, before 1 April 2007, had elected a deferred retirement benefit, whether full or partial, that was not yet in payment, and that former participants who had not made a benefit election and who were, therefore, deemed to have elected the deferred benefit were to be treated the same way as those who had elected a deferred benefit.

25. **The Advisory Committee recommends acceptance of the Board's recommendation that the General Assembly approve the proposed amendments to the Regulations of the Fund regarding benefit provisions with respect to family members or former family members. It also recommends that the Assembly approve the technical amendment to article 24 (a) regarding right to restoration as proposed by the Board.**

X. Other matters

26. The Advisory Committee observes that the Board took note of information pertaining to the new system of administration of justice at the United Nations. The Board was advised that, should substantive changes be made in the statute of the Appeals Tribunal or in the conditions under which the Tribunal would exercise

jurisdiction over participants in the Fund or others, as defined in article 48 of the Regulations of the Fund, the matter could require negotiation with the member organizations of the Fund as well as changes in its Regulations (ibid., para. 333). The Committee draws attention to its report on administration of justice (A/63/545) and recalls that the General Assembly is considering the proposed statutes of the United Nations Dispute and Appeals Tribunals.

27. As indicated in paragraph 343 of its report, the Board recommended the admission of the Special Tribunal for Lebanon to membership in the Fund, effective 1 January 2009, on the condition that the Secretary/CEO confirms to the General Assembly that the Special Tribunal follows the United Nations common system of salaries and allowances and other conditions of service, as required under article 3 (b) of the Regulations of the Fund. Upon enquiry, the Advisory Committee was informed that the Secretary/CEO had requested the International Civil Service Commission secretariat to conduct an overall assessment of the Staff Regulations of the Special Tribunal and to confirm that they were in line with the United Nations common system in terms of salaries, allowances and other main conditions of service. The Advisory Committee was informed in an e-mail message sent to the Fund on 23 October 2008, the International Civil Service Commission stated that its review of the documentation available showed that the Special Tribunal for Lebanon generally followed the common system of salaries, allowances and the other main conditions of service, which is the wording traditionally used by the Commission when verifying that an international organization or body applying for membership in the Pension Fund satisfies the eligibility conditions set out in article 3 (b) of the Regulations of the Fund. **The Committee recommends that the Special Tribunal for Lebanon be admitted as a member of the United Nations Joint Staff Pension Fund.**

XI. Conclusion

28. The Advisory Committee acknowledges the positive developments in the management of the secretariat of the United Nations Joint Staff Pension Fund.

29. A summary of the matters requiring the attention of and decisions by the General Assembly is provided in the proposed draft resolution contained in annex XVII to the Board's report. **The Advisory Committee recommends approval of the Board's proposals (see A/63/9, para. 11), subject to the observations and recommendations in the present report.**